

AGENDA



Date: September 5, 2025

The second of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes will be held at **8:30 a.m. on Thursday, September 11, 2025, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via telephone conference for audio at **214-271-5080 access code 588694 or Toll-Free (US & CAN): 1-800-201-5203** and Zoom meeting for visual <https://us02web.zoom.us/j/83364156526?pwd=OG5CbEFhajN5V0hWaUFJMTlhYcHQ2Zz09> **Passcode: 923237.** Items of the following agenda will be presented to the Board:

1. Report on the health and performance of the Pension System

January 1, 2025 Actuarial Valuation

2. Public Comment

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, Section 551.076 for deliberation regarding security devices or security audits, and Section 551.078 for review of medical records.



DISCUSSION SHEET

ITEM #1

Topic: Report on the health and performance of the Pension System

January 1, 2025 Actuarial Valuation

Attendees: Jeff Williams, Vice President and Consulting Actuary, Segal Consulting

Discussion: Jeff Williams of Segal, DPFP's actuarial firm, will discuss the results of the January 1, 2025, actuarial valuation report.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes
Required Public Meeting – Thursday, September 11, 2025*



Dallas Police and Fire Pension System

Annual Valuation Summary as of January 1, 2025

Board of Trustees Meeting – September 11, 2025

Jeff Williams, Vice President and Consulting Actuary

Caitlin Grice, Vice President and Consulting Actuary

January 1, 2025 Actuarial Valuation Highlights

Actuarial Determined Contribution (ADC)

- The ADC for the City's fiscal year beginning October 1, 2026 is \$304.6M, or 52.70% of projected pay
 - The ADC consists of the normal cost payment, i.e., the amount contributed towards the participant's benefits, and a cumulative amortization payment of all gain/loss, assumption and plan changes.
 - The employer normal cost portion of the ADC, including administrative expense assumption, is 10.84% of pay, before adjustment for timing
 - Member contributions are 13.50% of pay

Experience gain/loss

- The total actuarial loss was 1.35% of actuarial accrued liability
 - Gain from investments of 0.72%
 - Loss from demographic/other experience of 2.07%
 - The loss was caused by salary increases greater than expected, partially offset by retirement and turnover experience

January 1, 2025 Actuarial Valuation Highlights

Assumption Changes

- Following an Experience Study for the period January 1, 2020 through December 31, 2024, the Trustees adopted the following assumption changes effective January 1, 2025:
 - All Mortality Tables updated to Pub-2016 and projected generationally using Scale MP-2021:
 - Healthy Annuitant mortality table, multiplied times 1.25 for males and multiplied by 0.8 for females
 - Contingent Beneficiary Mortality table, multiplied times 1.1 for males and multiplied by 1.25 for females
 - Disabled Annuitant Mortality table, set forward five years for males
 - Pre-Retirement Mortality, set forward five years for males and setback two years for females
 - Retirement Rates for the following participant groups:
 - DROP: Lowered age-based rates covering the same age ranges for Fire and Police
 - Non-DROP: Updated age-based rates covering the same age ranges for Fire and Police
 - Terminated Vested: 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age
 - Age-based Disability rates lowered
 - Service-based Turnover rates updated
 - Spousal age difference updated from females three years younger than males to two years younger
 - Payroll growth increased from 2.50% to 3.50%
 - Salary Scales based on service, with 10-14% increase based on rank in first year, based on 2025 pay scales.
- These assumption changes decreased the actuarial accrued liability by 1.38% and increased the total normal cost by 16.37%
- As a result of these changes, the ADC decreased by \$4.3M

January 1, 2025 Actuarial Valuation Highlights

Funded ratios

- On an actuarial basis, increased from 32.02% in 2024 to 32.21% in 2025
- On a market basis, increased from 33.83% in 2024 to 34.24% in 2025

Financial information

- Actuarial value of assets increased from \$1.83B to \$1.89B
- Market value of assets increased from \$1.93B to \$2.01B
- Cash outflow decreased from -\$114.8M in 2024 to -\$97.8M in 2025
- Currently \$119.1M in unrecognized asset gains
- Rates of return
 - Assumed return of 6.50%
 - Market return of 9.25%
 - Actuarial return of 8.91%



Summary of Key Valuation Results

Valuation Result	Current	Prior
Contributions for City's fiscal year beginning	October 1, 2026	October 1, 2025
• City's actuarially determined contributions	\$304,550,643	\$ 262,006,650
• City's ADC as a percent of projected pay	52.70%	53.47%
Actuarial accrued liability for plan year beginning	January 1, 2025	January 1, 2024
• Retired members and beneficiaries	\$3,701,881,383	\$3,776,555,918
• Inactive vested members	39,239,435	33,887,507
• Inactive members due a refund of employee contributions	1,108,763	1,891,621
• Active members	2,132,241,613	1,907,045,237
• Total actuarial accrued liability	\$5,874,471,194	\$5,249,014,813
• Normal cost including administrative expenses for plan year beginning January 1	132,457,316	101,682,926
Assets for plan year beginning January 1		
• Market value of assets (MVA)	\$2,011,422,373	\$1,934,816,560
• Actuarial value of assets (AVA)	1,892,332,008	1,831,293,364
• Actuarial value of assets as a percentage of market value of assets	94.08%	94.65%
Funded status for plan year beginning January 1		
• Unfunded actuarial accrued liability on market value of assets	\$3,863,048,821	\$3,784,563,723
• Funded percentage on MVA basis	34.24%	33.83%
• Unfunded actuarial accrued liability on actuarial value of assets	\$3,982,139,186	\$ 3,888,086,919
• Funded percentage on AVA basis	32.21%	32.02%
• Effective Amortization period on an AVA basis	28	29
• Projected year of full funding	2053 ¹	2053 ¹

¹ Assumes the City pays the Actuarial Determined Contribution in each fiscal year

History of Employer Contributions

History of Employer Contributions: 2016 – 2024

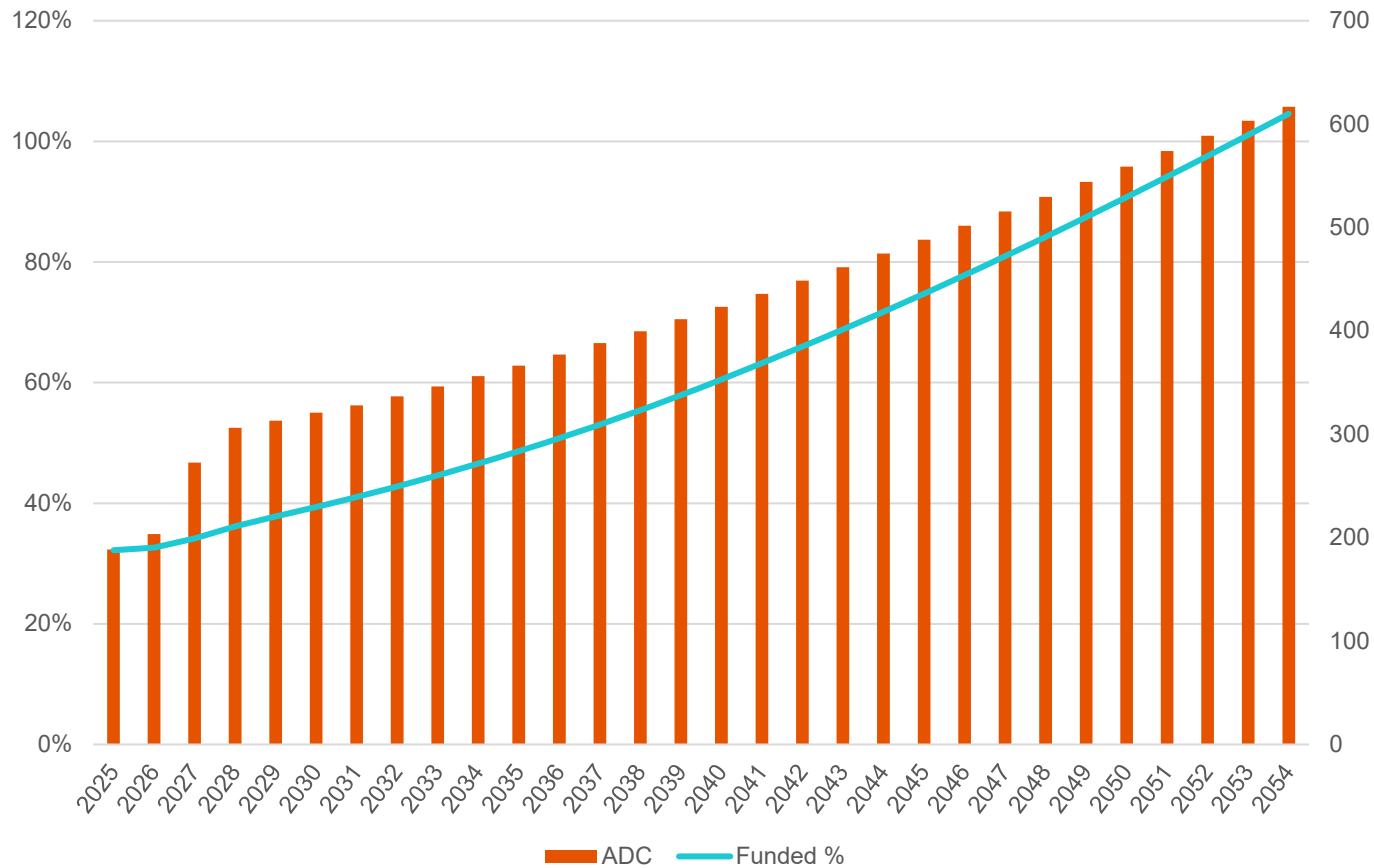
Year Ended	Actuarial Determined Contribution	Actual Employer Contribution	Percent Contributed
December 31, 2016	\$261,859,079	\$119,423,106	45.61%
December 31, 2017	168,865,484	126,318,005	74.80%
December 31, 2018	157,100,128	149,356,565	95.07%
December 31, 2019	152,084,297	155,721,087	102.39%
December 31, 2020	185,428,764	161,950,183	87.34%
December 31, 2021	221,285,746	165,541,265	74.81%
December 31, 2022	228,530,758	169,911,420	74.35%
December 31, 2023	251,606,424 ¹	171,960,839	68.35%
December 31, 2024	--	188,633,391	72.00%
September 30, 2026	262,006,650	--	--
September 30, 2027	304,550,643	--	--

¹ Based on the original January 1, 2023 actuarial valuation, prior to the change in reporting the ADC based on the City's fiscal year.

Schedule of Funding Progress through December 31, 2024

Actuarial Valuation Date of January 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a) / (b)	Computation Pay (c)	UAAL as a Percentage of Computation Pay [(b) – (a)] / (c)
2015	\$3,695,273,876	\$5,792,216,025	\$2,096,942,149	63.80%	\$383,006,330	547.50%
2016	2,680,124,303	5,947,173,998	3,267,049,695	45.07%	365,210,426	894.57%
2017	2,157,799,730	4,367,180,454	2,209,380,724	49.41%	357,414,472	618.16%
2018	2,151,039,343	4,505,437,185	2,354,397,842	47.74%	346,036,690	680.39%
2019	2,161,899,662	4,494,822,504	2,332,922,842	48.10%	363,117,415	642.47%
2020	2,160,125,611	4,723,972,480	2,563,846,869	45.73%	396,954,743	645.88%
2021	2,127,834,406	5,115,966,592	2,988,132,186	41.59%	427,440,530	699.08%
2022	2,117,978,431	5,158,782,340	3,040,803,909	41.06%	436,971,384	695.88%
2023	1,806,567,341	5,249,014,813	3,442,447,472	34.42%	462,820,226	743.80%
2024	1,831,293,364	5,719,380,283	3,888,086,919	32.02%	469,275,612	828.53%
2025	1,892,332,008	5,874,471,194	3,982,139,186	32.21%	544,095,176	731.88%

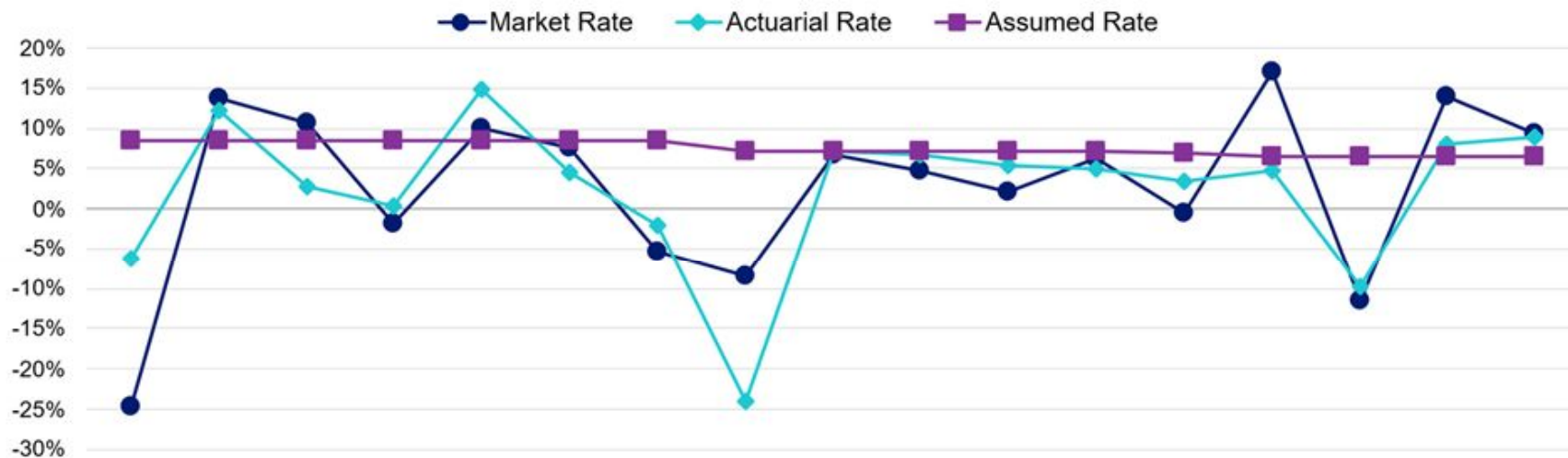
Projection of Funded Percentage and ADC (\$ Millions)



The projection above anticipates that all actuarial assumptions are met in the future and the City contributes 100% of the projected ADC in each of its fiscal years.

Historical Investment Returns

Market and Actuarial Rates of Return versus Assumed Rate for Years Ended December 31



Legend	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Market rate ¹	-24.80%	13.78%	10.72%	-1.78%	9.92%	7.70%	-5.35%	-8.47%	6.82%	4.74%	2.09%	6.25%	-0.45%	16.99%	-11.46%	13.90%	9.25%
Actuarial rate ²	-6.14%	12.29%	2.69%	0.43%	14.79%	4.52%	-1.98%	-24.03%	7.16%	6.63%	5.48%	5.05%	3.46%	4.68%	-9.75%	7.98%	8.91%
Assumed rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	7.25%	7.25%	7.25%	7.25%	7.25%	7.00%	6.50%	6.50%	6.50%	6.50%

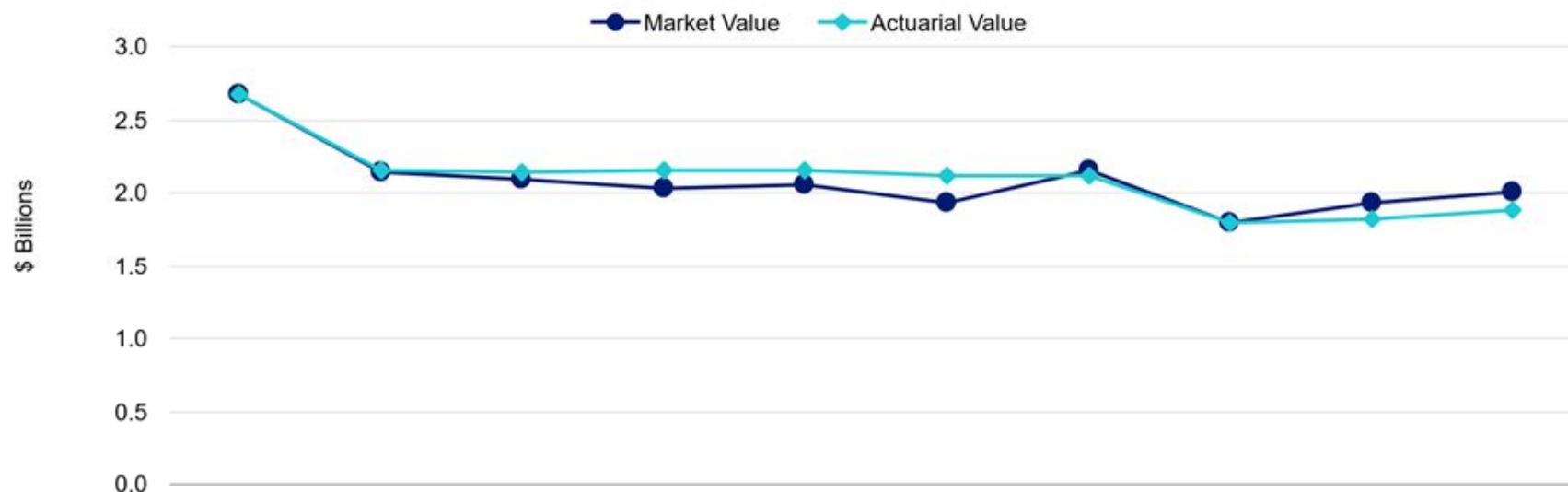
Average Rates of Return	Market Value	Actuarial Value
Most recent five-year average return:	5.07%	0.21%
Most recent ten-year average return:	3.12%	-3.90%
Most recent 15-year average return:	3.48%	-0.44%
17-year average return:	1.83%	0.01%

¹ Returns for 2014 and 2015 include significant write-downs in the System's assets

² Includes a change in asset method for plan years 2012, 2015 and 2023

Asset History for Years Ended December 31

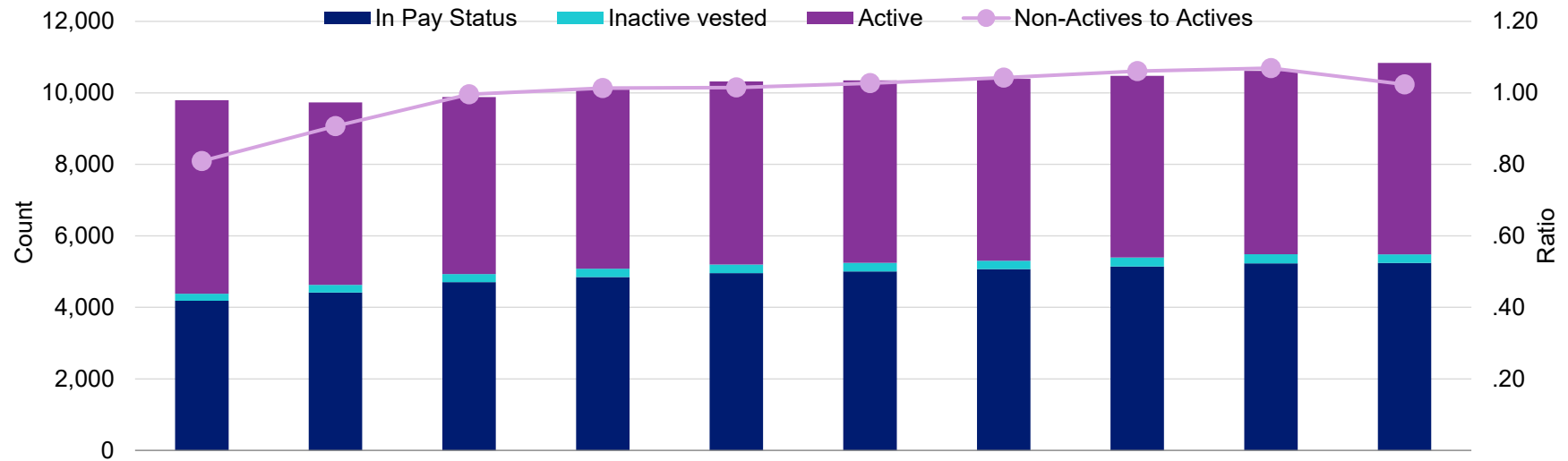
Market Value of Assets vs Actuarial Value of Assets



Legend	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
■ Market value ¹	\$2.68	\$2.15	\$2.10	\$2.04	\$2.06	\$1.94	\$2.16	\$1.81	\$1.93	\$2.01
■ Actuarial value ¹	2.68	2.16	2.15	2.16	2.16	2.13	2.12	1.81	1.83	1.89
Ratio	1.00	1.00	1.02	1.06	1.05	1.09	0.98	1.00	0.95	0.94

¹ In \$ billions

Participant Population as of December 31



Legend	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
In Pay Status ¹	4,182	4,414	4,706	4,849	4,956	5,003	5,071	5,142	5,231	5,242
Inactive Vested ²	200	215	226	230	242	241	233	252	254	240
Active	5,415	5,104	4,952	5,012	5,121	5,106	5,088	5,085	5,131	5,356
Ratio	0.81	0.91	1.00	1.01	1.02	1.03	1.04	1.06	1.07	1.02

¹ Exclude beneficiaries who only have a DROP account.

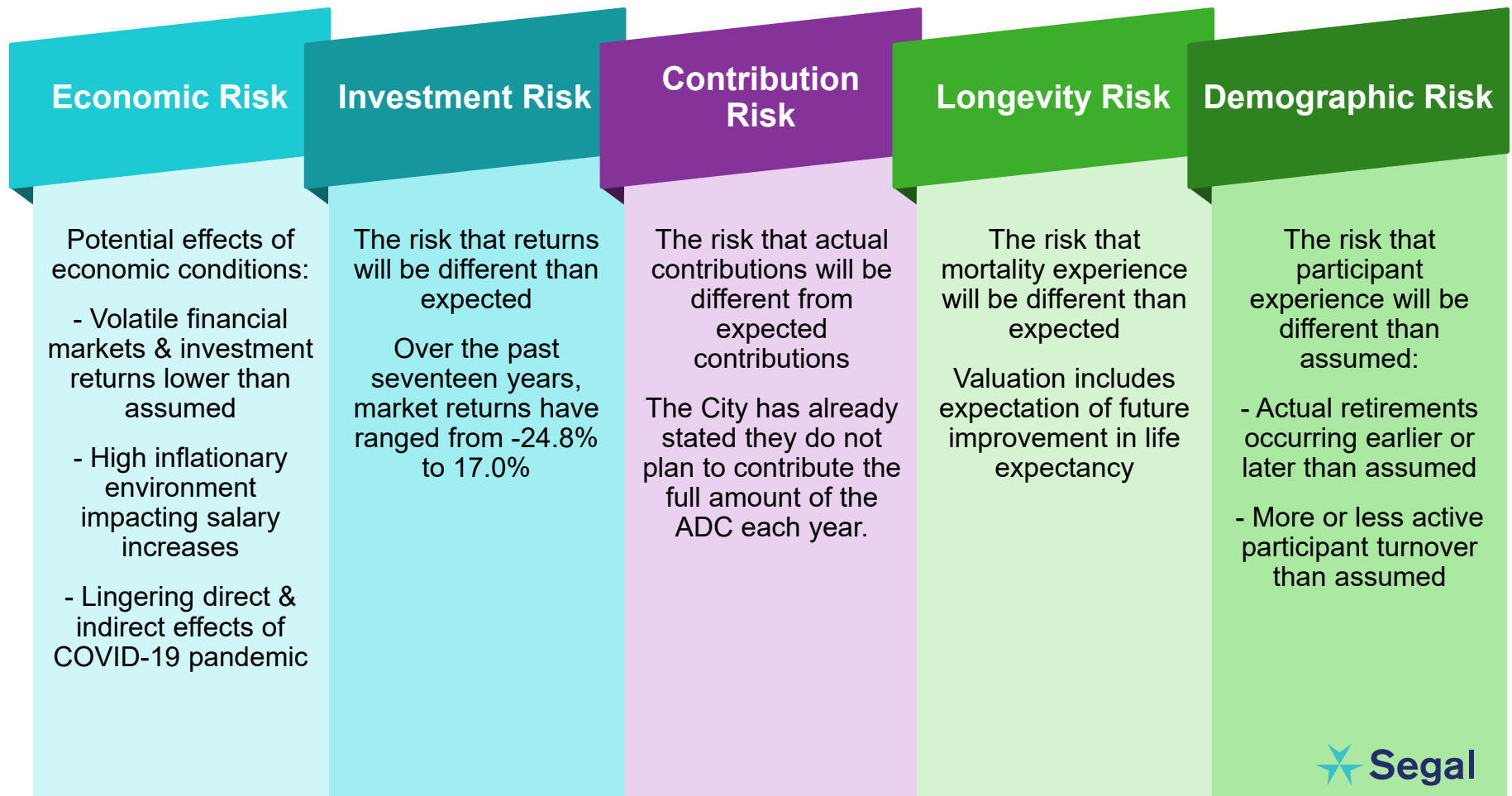
² Excludes terminated participants due a refund of employee contributions.

Plan Demographics

Category	Year Ended December 31, 2024	Year Ended December 31, 2023	Change From Prior Year
Active members in valuation:			
• Number	5,356	5,131	4.4%
• Average age	39.9	40.1	-0.2
• Average years of service	12.4	12.6	-0.2
• Average computation pay	\$101,586	\$91,459	11.1%
• Account balances	490,230,548	443,981,246	10.42%
• Total active vested members	3,976	3,854	3.17%
Active members in valuation (excluding DROP):			
• Number	5,161	4,921	4.9%
• Average age	39.2	39.2	0.0
• Average years of service	11.6	11.7	-0.1
• Average computation pay	\$101,054	\$91,050	11.0%
Active members in valuation (DROP only):			
• Number	195	210	-7.1%
• Average age	60.1	59.6	0.7
• Average years of service	34.1	33.4	0.7
• Average computation pay	\$115,679	\$101,046	14.5%
• DROP Account balances	78,774,807	88,453,699	-10.9%
Inactive vested members:			
• Number	240	254	-5.5%
• Average age	42.4	42.2	0.2
• Average monthly benefit	\$1,324	\$1,315	0.75%
Inactive nonvested members due a refund:			
• Number	234	326	-28.2%
• Accumulated contribution balance	\$1,108,763	\$1,891,621	-41.39%
Retired members:			
• Number in pay status	3,917	3,910	0.2%
• Average age	68.7	68.4	0.3
• Average monthly benefit	\$4,971	\$4,935	0.7%
Disabled members:			
• Number in pay status	98	105	-6.7%
• Average age	68.2	69.5	-1.3
• Average monthly benefit	\$3,554	\$3,562	-0.2%
Beneficiaries:			
• Number in pay status	1,227	1,216	0.9%
• Average age (excludes child beneficiaries)	73.7	72.9	0.7
• Average monthly benefit	\$2,619	\$2,525	3.7%
Beneficiaries with DROP only:	203	141	43.97%

Risk

The actuarial valuation results are dependent on a single set of assumptions; however, there is a risk that emerging results may differ significantly as actual experience proves to be different from the current assumptions.



Caveats

- This presentation is intended for the use of the Board of Trustees for the Dallas Police and Fire Pension System and is a supplement to Segal's yet-to-be-published full valuation reports for the System as of January 1, 2025.
- Please refer to the full valuation reports for a description of assumptions and plan provisions reflected in the results shown in this presentation. The reports also include more comprehensive information regarding the System's membership, assets, and experience during the most recent plan year.
- Projections, by their nature, are not a guarantee of future results. They are intended to serve as estimates of future financial outcomes that are based on assumptions about future experience and the information available to us at the time the modeling is undertaken and completed. The projected future results included in this presentation show how the System would be affected if specific investment return, salary, mortality, turnover, disability and retirement assumptions are met. Actual results may differ due to such variables as demographic experience, the economy, contribution patterns, stock market performance and the regulatory environment.
- The calculations included in this presentation were completed under the supervision of Jeffrey S. Williams, FCA, ASA, MAAA, EA.

Questions?

Jeffrey S. Williams, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary
jwilliams@segalco.com
678.306.3147

Caitlin Grice, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary
cgrice@segalco.com
202.222.5187





DISCUSSION SHEET

ITEM #2

Topic: Public Comment

Discussion: Comments from the public will be received by the Board.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes
Required Public Meeting – Thursday, September 11, 2025*